

## EXEMPTING FURLOUGH TRAVEL OF SERVICE PERSONNEL FROM THE TAX ON TRANSPORTATION OF PERSONS

DECEMBER 12 (legislative day, NOVEMBER 27), 1950.—Ordered to be printed

Mr. GEORGE, from the Committee on Finance, submitted the following

### REPORT

[To accompany H. R. 9840]

The Committee on Finance, to whom was referred the bill (H. R. 9840) to exempt furlough travel of service personnel from the tax on transportation of persons, having considered the same, report favorably thereon with amendment and recommend that the bill, as amended, do pass.

The amendment is as follows:

On page 2, line 3, after the word "than", strike "2" and insert in lieu thereof "2.025."

#### GENERAL STATEMENT

This bill, as amended, would exempt personnel of the United States Army, Air Force, Navy, Marine Corps, and Coast Guard and authorized cadets and midshipmen traveling in uniform of the United States from the tax on transportation of persons where they are traveling at reduced round-trip fares at their own expense while on official leave, furlough, or pass. All railroads in the United States have recently announced that they will offer military personnel traveling in uniform round-trip fares at the rate of 2 cents per mile in southern and western regions and 2.025 cents per mile in eastern territory, effective from December 15, 1950, to January 10, 1951, inclusive.

This exemption from tax is similar to that which was in effect during World War II. The exemption would be effective with respect to amounts paid after the date of enactment.

The Secretary of Defense has reported that the Department of Defense would be interested in seeking an exemption of furlough fare tickets from the Federal tax on transportation similar to that which was available to servicemen traveling in uniform during World War II.

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The Treasury Department advises that it encountered no administrative difficulties in administering a similar exemption during World War II and would have no objection to the enactment of this legislation.

### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

#### SECTION 12 OF THE ACT OF AUGUST 8, 1947

[SEC. 12. Transportation Tax Exemption of Military and Naval Personnel  
[Section 3469 (f) (2) of the Internal Revenue Code shall not be applicable to amounts paid after December 31, 1947.]

#### SECTION 3469 (F) (2) OF THE INTERNAL REVENUE CODE

(2) Exemption of Members of Military and Naval Service.—The tax imposed by this section shall not apply to the payment for transportation or facilities furnished under special tariffs providing for fares of not more than [1¼] 2.025 cents per mile applicable to round trip tickets sold to personnel of the United States Army, *Air Force*, Navy, Marine Corps, and Coast Guard traveling in uniform of the United States[, or to members of the military or naval forces of any of the other United Nations traveling in uniform of such nation,] at their own expense when on official leave, furlough, or pass, including authorized cadets and midshipmen, issued on presentation of properly executed certificate.

